



CHIEF FINANCIAL OFFICER
JIMMY PATRONIS
STATE OF FLORIDA

September 17, 2020

The Honorable Barry Baker
Clerk of Circuit Court
Suwannee County
Suwannee County Courthouse
200 South Ohio Avenue
Live Oak, Florida 32064

Dear Mr. Baker,

We completed our Article V Clerk of the Circuit Court Expenditure Compliance Audit in accordance with Florida Statutes. Enclosed is a copy of our final report.

We appreciate your advanced preparation for our audit and the courtesy extended to our team. We look forward to working with your office in the future.

Please contact Kim Holland at (850) 413-5700 or kim.holland@myfloridacfo.com if you have any questions.

Sincerely,


Mark Merry
MM/jf

Enclosure



JIMMY PATRONIS
CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

Florida Department of Financial Services

**SUWANNEE COUNTY
CLERK OF THE CIRCUIT COURT
COMPLIANCE AUDIT**

**Report No. 2020-56
September 16, 2020**

SUMMARY

The Department of Financial Services (DFS) has completed an audit of the Suwannee County Clerk of the Circuit Court.¹ The auditors sampled court-related administrative and payroll expenditure accounts and transactions to determine whether, in making such expenditures, the Clerk's office complied with applicable State laws.² The sampled Clerk's office administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs. However, as further described in the Observations and Recommendations section, we noted:

- In four (4) instances, the expenditure had been improperly allocated as court-related costs.
- Financial reporting and recording could be improved.
- Allocation methodologies for payroll expenditures could be improved.

BACKGROUND

In 2013, the Florida Legislature passed legislation that removed the Clerks of the Circuit Courts from the State appropriations process.³ The 2013 legislation requires that all court-related functions must be funded from filing fees, service charges, costs and fines retained by the Clerks. That portion of all fines, fees, service charges, and costs collected by the Clerks for the previous month that exceeds one-twelfth (1/12) of a Clerk's total budget must be remitted to the State. Those funds are deposited into the State of Florida's Clerk of the Court Trust Fund. For those Clerks who collect less than their approved budgets, the shortage is disbursed from the Clerks of the Court Trust Fund. In addition, the DFS' role was changed to providing audits of only the Clerks' court-related expenditures.

The organization that governs the Clerks, the Florida Clerks of Court Operations Corporation (CCOC), was initially formed to review and certify proposed budgets from each Clerk. In 2017, the Florida Legislature passed new legislation⁴ giving the CCOC the duty of approving the proposed budgets submitted by the Clerks of the Circuit Courts as required by State law.⁵ The 2017 legislation provides that the CCOC must ensure that the total combined budgets of the Clerks of the Circuit Courts do not exceed the total estimated revenues available for court-related expenditures as determined by the most recent Revenue Estimating Conference.

The Chief Financial Officer has contracted with the CCOC to establish a process for auditing the court-related expenditures of the individual Clerks pursuant to State law.⁶ The audits are conducted by the DFS

¹Section 34.031, Florida Statutes.

²Sections 28.35(3)(a) and 29.008, Florida Statutes.

³Chapter 2013-44, Laws of Florida.

⁴Chapter 2017-126, Laws of Florida.

⁵Section 28.36, Florida Statutes.

⁶Section 28.35(2)(e), Florida Statutes.

Bureau of Auditing, Article V Section. It is the practice of the Department to conduct these audits every three to five years.

SCOPE

The audit of the Suwannee County Clerk of the Circuit Court's Office covered County Fiscal Year (CFY) 17-18, CFY 18-19, and CFY 19-20 (through December 31, 2019). The audit included a desk review that included an analysis of sample selections with supporting documentation.

OBJECTIVES & METHODOLOGIES

The following objectives have been established for the audit of court-related expenditures:

- Evaluate whether court-related expenditures were in compliance with State laws.⁷
- Evaluate whether court-related expenditures were properly authorized, recorded, and supported.
- Evaluate whether expenditures were within the budgeted appropriations.
- Evaluate the accuracy and completeness of expenditures reported on the Clerk of Court Expenditure and Collections Report.
- Evaluate whether the Clerk's salary and total payroll costs were within the applicable caps established by the Florida Legislature's Office of Economic and Demographic Research.
- Evaluate the Clerk's methodology for allocating payroll costs between court and non-court related functions.

Our audit included an examination of accounts, records, and the sampling of various court-related transactions related to administrative and payroll expenditures.

Table 1 shows the court-related budgeted and actual expenditures for each fiscal year reviewed. Source: CCOC Budget Letter and Expenditure and Collection (EC) reports. CFY 17-18 and CFY 18-19 do not include juror expenditures.

Table 1

Year	Budgeted	Actual
CFY 17-18	957,636	957,636
CFY 18-19	994,218	994,218
CFY 19-20	1,098,181	228,249 ⁸

The Suwannee County Clerk of the Circuit Court serves a population of 44,879.⁹

The budgeted growth from October 2017 through September 2020 was 14.68%.

Table 2 reflects the budgeted and actual full-time equivalent (FTE) positions, who charge either all or a portion of employee time to court-related duties. The budgeted number of FTEs includes vacant positions. The actual number of FTEs includes only filled positions.

⁷Sections 28.35(3)(a) and 29.008, Florida Statutes.

⁸Actual through December 31, 2019.

⁹The Florida Legislature's Office of Economic and Demographic Research Report Salaries of Elected County Constitutional Officers and School District Officials for Fiscal Year 2019-2020, September 2019.

Table 2

Year	Budgeted FTEs	Actual FTEs
CFY 17-18	22.31	23.63
CFY 18-19	21.28	22.63
CFY 19-20	21.78	21.93

The budgeted FTEs decreased by 2.34% for the period October 2017 through September 2020.

OBSERVATIONS AND RECOMMENDATIONS

Section (S.) 28.35(3)(a), Florida Statutes (F.S.), outlines the list of court-related functions that Clerks may fund from filing fees, service charges, costs, and fines and is limited to those functions expressly authorized by law or court rule. Those functions include the following: case maintenance; records management; court preparation and attendance; processing the assignment, reopening, and reassignment of cases; processing of appeals; collection and distribution of fines, fees, service charges, and court costs; processing of bond forfeiture payments; data collection and reporting; determinations of indigent status; and paying reasonable administrative support costs to enable the Clerk of the court to carry out these court-related functions.

The list of court-related functions that Clerks may not fund from filing fees, service charges, costs, and fines include:

- Those functions not specified above,
- Functions assigned by administrative orders which are not required for the Clerk to perform the functions above,
- Enhanced levels of service which are not required for the Clerk to perform the functions above, and
- Functions identified as local requirements in law or local optional programs.

Financial Reporting and Recording

Unallowable Expenditures

During our testing of the Clerk's office administrative expenditures, we noted one (1) instance in CFY 18-19 in which the expenditure, contrary to statutory guidance, had been allocated as a court cost, or was not authorized of record as a reasonable administrative support cost:

- In CFY 18-19, the Clerk's office purchased Crystal Springs bottled water for use by Court employees, allocating \$82 to the State. Upon further review, we determined that total allocations to the State for the water during the audit period totaled \$1,568.

We recommend the Clerk's office ensure that its court-related expenditures are allowable according to Section 28.35(3)(a), F.S. We also recommend that the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above totaling \$1,568.

County Funding

Section 29.008(1)(f)1, and 2, F.S., requires counties to fund the cost of communications services which include wireless communications, cellular telephones, facsimile equipment, all computer networks, systems and equipment, including computer hardware and software, modems, printers, wiring, network connections, and maintenance.

- In CFY 17-18, the Clerk's office purchased a fax option for a copier for \$627, allocating \$627 to the State.
- In CFY 18-19, we noted an expenditure for the purchase of a MyOfficeHub computer software subscription for \$223, of which \$89 was allocated monthly to the State. Further review indicated that allocations to the State during the audit period totaled \$1,472.
- In CFY 18-19, we noted an expenditure for leased copiers for \$764, of which \$382 was allocated to the State. Total allocations for the copiers during the audit period totaled \$8,212.

We recommend the Clerk's office ensure that its court-related expenditures are allowable and reasonable according to s. 29.008(1)(f)1F.S. We also recommend that the Clerk's office reimburse the Clerks of the Courts Trust Fund for the expenditures above totaling \$10,311.

Reconciliation of CCOC Expenditure and Collection Report to General Ledger

The Expenditure and Collection Report (the "EC Report") reported monthly to the CCOC should be prepared so that it agrees with the underlying accounting records. Accordingly, a monthly reconciliation of the EC report to the general ledger should be performed by the Clerk's office to ensure that the amounts reported to the CCOC are accurate.

During our testing of the Clerk's expenditures, we noted that the Clerk's office was not performing yearly or monthly reconciliations of the CCOC EC Reports to the General Ledger.

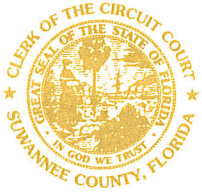
We recommend that the Clerk's office implement procedures to reconcile and support the balances in the CCOC EC report on a monthly basis and retain these documents for audit purposes.

Allocation Methodology

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees who work on both court and non-court-related functions. The Clerk's office indicated the use of estimated time and costs incurred on the behalf of the court. Accounting estimates, however, should be based on an accumulation of relevant, sufficient, and reliable data and compared to subsequent actual data to determine the reliability of the estimate. Upon inquiry, the Clerk's office was unable to provide supporting documentation for the actual time and effort the shared employees spent working on court-related vs. non-court-related functions.

Without accurate timekeeping of court and non-court related functions, the Clerk's office has no assurance that the estimates used for charging salaries to the State or used for budgeting purposes are accurate.

As a best practice, we recommend the Clerk's office establish a method for sampling employees' time and effort between court-related and non-court related activities to ensure the allocation of payroll and administrative expenditures reflects an accurate appropriation of State funds. The methodology should include a basis for concluding whether the budgetary calculations are accurate. The Clerk's office might consider using a sampling method such as a time study, or guidance such as that found in Code of Federal Regulation (2 CFR 200), Appendix V.



OFFICE OF THE
CLERK OF THE CIRCUIT COURT

THIRD JUDICIAL CIRCUIT • SUWANNEE COUNTY

Barry A. Baker
Clerk

September 25, 2020

Mark Merry
Assistant Director
Florida Department of Financial Services
Division of Accounting and Auditing
200 East Gaines Street
Tallahassee, FL 32399-0353

Dear Mr. Merry,

This letter is to confirm that we have received the Suwannee County Clerk of the Circuit Court Compliance Audit Report No. 2020-56, dated September 16, 2020. It is the goal of this office to provide a high level of fiscal responsibility in compliance with State laws. We are pleased to hear that our “administrative and payroll expenditures generally complied with applicable State laws, and funds were expended for allowable court-related costs.” Below are our responses to the observations and recommendations found in your report:

Observation #1: Unallowable Expenditures

In CFY 18-19, the Clerk’s office purchased Crystal Springs bottled water for use by Court employees, allocating \$82 to the State. Upon further review, we determined that total allocations to the State for the water during the audit period totaled \$1,568.

Response: We disagree with this recommendation to reimburse the Clerks of the Court Trust Fund due to the fact that the water cooler is accessible to court employees and also accessible to the public who are conducting court-related activities. We view this as a “reasonable administrative support cost”.

Observation #2: County Funding

In CFY 17-18, the Clerk’s office purchased a fax option for a copier for \$627, allocating \$627 to the State.

Response: We disagree with the recommendation to reimburse the Clerks of the Court Trust Fund due to this machine overwhelmingly being used for court paperwork.

Observation #3: County Funding

In CFY 18-19, we noted an expenditure for the purchase of a MyOfficeHub computer software subscription for \$223, of which \$89 was allocated monthly to the State. Further review indicated that allocations to the State during the audit period totaled \$1,472.

Response: We agree with the recommendation to reimburse the Clerks of the Courts Trust Fund for \$1,472.

Observation #4: County Funding

In CFY 18-19, we noted an expenditure for leased copiers for \$764, of which \$382 was allocated to the State. Total allocations for the copiers during the audit period totaled \$8,212.

Response: We disagree with the recommendation to reimburse the Clerks of the Courts Trust Fund due to these copiers being used strictly for court-related activities. However, for future purposes, we will request funding from the County.

Observation #5: Reconciliation of CCOC Expenditure and Collection Report to General Ledger

During our testing of the Clerk's expenditures, we noted that the Clerk's office was not performing yearly or monthly reconciliations of the CCOC EC Reports to the General Ledger.

Response: We partially agree with this observation. Although a monthly reconciliation is conducted, a hard copy is not kept with the reports. For future reference, documentation supporting reconciliation will be filed with our original reports.

Observation #6: Allocation Methodology

The Clerk's office does not have a clear methodology for allocating payroll expenditures for employees who work on both court and non-court-related functions. The Clerk's office indicated the use of estimated time and costs incurred on the behalf of the court.

Response: We partially agree with the recommendation to establish a method for sampling employees' time and effort between court-related and non-court-related activities. However, performing an annual time study may prove inefficient due to the limited size of our staff and the effort involved in conducting the study. The current allocation is based on history of workload as it relates to court or non-court related activities.

We would like to thank you and your staff for the courtesy and professionalism extended to our office during the course of this audit, despite the challenges arising from the pandemic.

Sincerely,



Barry A. Baker

Suwannee County Clerk of the Circuit Court